

Message Text

SECRET

PAGE 01 CAIRO 02893 031641Z

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EXDIS

EO 11652: GDS
TAGS: ETRD, EAID, PFOR, EG
SUBJECT: ARAB BOYCOTT: AVOIDING POTENTIAL PROBLEMS

REF: STATE 49032

1. IN RESPONSE TO REQUEST OF GOE OFFICIALS TO DISCUSS THEIR CURRENT PROBLEMS WITH NON-ACCEPTANCE OF LETTERS OF CREDIT BY AMERICAN BANKS AND IN LIGHT OF DEPT GUIDANCE REFTEL, COML OFF AND JACKSON HEARN OF USDOC/CAGNE MET MARCH 3 WITH SHUKRI EL-NAHAL. UNDERSECRETARY, MINISTRY OF TRADE. EL-NAHAL SAID THAT HIS OFFICE WAS TRYING TO WORK OUT LANGUAGE FOR INCLUSION IN L/C'S WHICH WOULD SPECIFY IN POSITIVE MANNER NATIONALITY OF COUNTRY OR ORIGIN WITHOUT MENTION OF "OUR NEIGHBOR." HE INDICATED THAT THEY PLANNED TO ASK CENTRAL BOYCOTT OFFICE TO PUT THIS ISSUE ON AGENDA OF BOYCOTT MEETING LATER THIS MONTH. FURTHERMORE, EGYPT PLANNED TO PROPOSE SPECIFIC LANGUAGE FOR ALL ARAB COUNTRIES TO INCLUDE IN L/C'S RELATING TO CERTIFICATES OF ORIGIN AND SHIPPING RESTRICTIONS.

2. COML OFFICE (PER INSTRUCTIONS) SUGGESTED THAT GOE HANDLE COMMERCIAL TRANSACTIONS UNDER PROCEDURES IDENTICAL TO THOSE FOR HANDLING AID TRANSACTIONS (I.E. ELIMINATION OF ALL BOYCOTT LANGUAGE.) UNDERSECRETARY DID NOT DIRECTLY RESPOND TO THIS SUGGESTION ALTHOUGH IT WAS RAISED SEVERAL TIMES.

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SECRET

PAGE 02 CAIRO 02893 031641Z

3. EL-NAHAL'S REQUEST IN SEPARATE CONTEXT TO SUPPLY SPECIFIC LANGUAGE ACCEPTABLE TO USG WAS DECLINED. UNDERSECRETARY WAS GIVEN COPY OF PRESIDENT FORD'S NOBEMBER 20 STATEMENT AND COPY OF EXPORT ADMINISTRATION BULLETIN NO. 149. AFTER BRIEFLY EXAMINING LATTER, HE INDICATED HIS FEELING THAT IT WOULD BE HELPFUL TO GOE IN PREPARING THEIR PROPOSAL FOR BOYCOTT CONFERENCE. AT THIS POINT, ONE OF EL-NAHAL'S AIDES INDICATED IN ARABIC THAT "KUWAIT AND SAUDI ARABIA WOULD BE AGAINST AMERICA (IN REMOVAL OF SPECIFIC LANGUAGE RELATING TO ISRAEL)."

4. IN RESPONSE TO COML OFF QUERY, EL-NAHAL SAID THAT THE FOLLOWING BANKS HAD REFUSED TO PROCESS NUMEROUS L/C'S FOR COMMERCIAL TRANSACTIONS:

BANKERS TRUST

CHASE MANHATTAN

AMERICAN EXPRESS

IRVING TRUST

MANUFACTURERS HANOVER TRUST

MARINE MIDLAND

MORGAN GUARANTEE

BANK OF AMERICA

5. CONCERNING FUTURE CONTACTS ON BOYCOTT MATTERS, UNDERSECRETARY EXPRESSED HIS DESIRE FOR ADDITIONAL EXCHANGES ON "THIS DIFFICULT SUBJECT." TONE OF ENTIRE MEETING WAS FRIENDLY ALTHOUGH COML OFF WAS COMPELLED AT SEVERAL POINTS TO STATE USG OPPOSITION TO BOYCOTTS OF STATES FRIENDLY TO UNITED STATES. UNLESS INSTRUCTED OTHERWISE, WE INTEND TO CONTINUE THIS DIALOGUE AS APPROPRIATE OCCASIONS ARISE WITH MINISTRY OF TRADE.

SECRET

SECRET

PAGE 03 CAIRO 02893 031641Z

COML OFF GAINED IMPRESSION THAT EL-NAHAL MAY BE EXCELLENT SOURCE OF INFORMATION ON ARAB BOYCOTT MEETING.
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